



Washington, D.C (202) 225-6311 – Shoreline (206) 361-0233 – Poulsbo (360) 598-2342

Small Business Jobs Act

Today, the President signed into law the *Small Business Jobs Act* to expand much needed lending to millions of small businesses and offer tax incentives to help small businesses grow, hire, and jumpstart our economy.

The act is fully paid for and will create an estimated 500,000 jobs.

Key Provisions:

- ***More credit available at your local bank:*** Creates a \$30 billion Small Business Lending Fund to provide community banks with capital to increase their small business lending.
 - Funds are limited to small banks, those holding \$10 billion or less in assets.
 - Performance-based standards will incentivize lenders to extend new credit to small businesses.
 - For more information, talk to your local bank.
- ***Big deductions for small businesses and start-ups:*** Gives small businesses \$12 billion in tax cuts.
 - Doubles and enhances small business expensing and extending bonus depreciation, allowing small businesses to write-off capital and equipment investments.
 - Allows for 100% exclusion of capital gains on investments in small businesses.
 - Doubles the deduction for start-up expenditures.
 - Allows self-employed taxpayers to deduct health costs for payroll tax purposes.
- ***Efficient, targeted, effective loans:*** Invests \$1.5 billion in grants to support \$15 billion in state-run small business lending programs.
 - With tight budgets, many states are eliminating successful small business lending and support programs. This funding will keep the programs running and leverage additional funding.
- ***Better loans:***
 - Extends the elimination of Small Business Administration loan fees.
 - Increases loan limits on government-backed loans.
- ***Fair taxes:*** Prevents small businesses from incurring large tax penalties aimed at large corporations and wealthy individuals investing in tax shelters.

Other recent Inslee actions that support small businesses:

- In March, wrote a letter to Secretary of State Hillary Clinton asking for greater representation of small businesses in Asia-Pacific Economic Cooperation (APEC).
- In June, wrote a letter to the Speaker of the House Nancy Pelosi and the Majority Leader Steny Hoyer asking them to consider including a Small Business Innovation Research (SBIR) Reauthorization in the House text of any upcoming small business job creation package.
- Supported provisions in the Wall Street reform bill to cap the amount small businesses pay in interchange fees when a customer swipes a credit card.
 - Lowering the costs businesses pay to VISA and MasterCard helps them increase the amount of money they keep on each transaction.
- Spoke to an Assistant Secretary of the Treasury asking to increase lending to businesses, particularly small businesses, to spur job creation.

Q. Is the Small Business Lending Fund TARP for small banks?

A. No. The lending fund is separate from and unlike TARP:

- ✓ It is limited to smaller banks -- banks with assets of less than \$10 billion -- ruling out the big banks that have drawn fire for putting their own interests before their customers.
- ✓ It is fully paid for and will save taxpayers \$1 billion as banks are expected to repay funds over 10 years.
- ✓ It includes tough performance-based incentives would ensure that banks lend to small businesses.
 - The smallest banks with assets of less than \$1 billion would be able to borrow an amount equal 5% of their assets, and smaller banks worth up to \$10 billion would be eligible for an investment of up to 3% of their assets.
 - Banks would repay the government's investment at a dividend rate starting at 5% with lower interest payments if they expand their small business lending. That rate would drop by 1% for every 2.5% increase in small business lending that the bank shows compared to 2009. A lender could cut its dividend rate to just 1% by increasing small business loan portfolio by 10%.
 - But if the bank reduced its small business lending, its repayment dividend would shoot up as high as 7%.
- ✓ Bank have one year to apply for capital investments from Treasury, and have strong incentives to pay back the money in less than 5 years.